

PWSAC NEWS

Newsletter of the
Prince William Sound Aquaculture
Corporation



Volume VIII, Issue I

Spring 2008

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Meeting Notice

PWSAC Board of Directors
October 6, 2008 @ 10:30am
St. Joseph's Church, Cordova

A Preliminary Look at the 2007 Salmon Season

In 2007, commercial harvests of PWSAC - origin salmon reached record levels.

The PWSAC pink salmon approached 22 million fish, or nearly 74 million pounds and was the third - highest harvest of PWSAC pink salmon on record (following 2003 and 2005).

The harvest of PWSAC chum salmon was also the third - highest on record at 2.5 million fish, or approximately 17 million pounds.

Total sockeye salmon har-

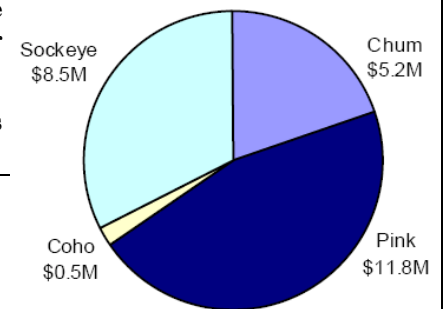
vests were also notable at 913,000 fish, or 5.7 million pounds.

Based on preliminary figures, the estimated ex-vessel value of the 2007 PWSAC - origin harvest was \$26 million. This amount, paid to fishermen upon delivery of their catch, included \$11.8 million for pink salmon, \$8.5 million for sockeye salmon, and \$5.2 million for chum salmon. The balance was for coho salmon.

Sport harvesters

pulled 24,000 PWSAC coho from the waters and a smaller number of sockeye. Personal use and subsistence harvesters took more than 34,000 sockeye salmon in systems supported by PWSAC production. These fish are primarily harvested in Interior river systems linked to the Copper River.

Ex-vessel Value, by Species, 2007



Sustainable Fisheries

By George Covell, PWSAC Chairman

There's much more to a sustainable fishery than the high standards and complex biological relationships typically associated with the term.

Important social and economic benefits are ultimately the goal of our collective efforts to professionally manage and enhance our fisheries for long-term sustainability. The sobering reality in PWS is that our fisheries are not economically sustainable were it not for the salmon production currently provided by our enhancement program.

In 1974, PWSAC was created to address the social and economic goals

of sustainability, and we then initiated a remarkable enterprise that would eventually rebuild and stabilize our fisheries. Through good market conditions and bad, lean salmon returns and unexpected abundance, PWSAC's production continues to be the key ingredient in a management system that makes things better than what might have been. If a measure of our success is an improvement in the human condition, than we can be proud of what we have accomplished thus far.

The economic data within this issue gives real meaning to the human side of our endeavors. The ex-vessel

and ancillary values from 2006 and 2007 are impressive and, if combined with the value of our cost recovery and expanded by the appropriate economic multipliers, even more so.

It is compelling evidence that our economic tent is truly large and houses many people. Of course, we just grow the fish and much of the current euphoria is the result of a general recovery of the salmon industry in Alaska. But, without our fish, none of this is possible - or sustainable.

2007 Hatchery Return Summary

Chum Salmon

Location	Purse Seine Harvest	Gillnet Harvest	Personal Use Subsistence	Sport Harvest	Hatchery Harvest	Brood	Unharvested	Total Return
WNH	471,000	1,206,000	n/a	1,000	921,000	173,000	3,000	2,775,000
PC	739,000	-0-	n/a	n/a	-0-	-0-	-0-	739,000
AFK	42,000	-0-	n/a	n/a	174,000	-0-	-0-	216,000
Total	1,252,000	1,206,000	n/a	1,000	1,095,000	173,000	3,000	3,730,000
% of Total	34%	32%	n/a	0%	29%	5%	0%	

Sockeye Salmon

Location	Purse Seine Harvest	Gillnet Harvest	Personal Use Subsistence	Sport Harvest	Hatchery Harvest	Brood	Unharvested	Total Return
MBH	26,000	794,000	n/a	500	321,000	8,000	12,000	1,161,000
Gulkana	-0-	94,000	34,000	Included in PU/Sub estimate	-0-	21,000	8,000	157,000
Total	26,000	888,000	34,000	500	321,000	29,000	20,000	1,318,000
% of Total	2%	67%	3%	0%	24%	2%	2%	

Pink Salmon

Hatchery	Purse Seine Harvest	Gillnet Harvest	Personal Use Subsistence	Sport Harvest	Hatchery Harvest	Brood	Unharvested	Total Return
AFK	12,450,000	-0-	n/a	n/a	3,040,000	201,000	65,000	15,755,000
CCH	5,638,000	-0-	n/a	n/a	1,443,000	279,000	70,000	7,430,000
WNH	3,775,000	56,000	n/a	n/a	3,472,000	231,000	5,000	7,540,000
Total	21,863,000	56,000	n/a	n/a	7,955,000	711,000	140,000	30,725,000
% of Total	71%	0%	n/a	n/a	26%	2%	0%	

Coho Salmon

Location	Purse Seine Harvest	Gillnet Harvest	Personal Use Subsistence	Sport Harvest	Hatchery Harvest	Brood	Unharvested	Total Return
WNH	25,000	61,000	n/a	2,500	12,000	-0-	2,000	102,000
Chenega	-0-	-0-	n/a	5,900	-0-	-0-	-0-	5,900
Cordova	-0-	-0-	n/a	4,200	-0-	129	-0-	4,300
Whittier	-0-	-0-	n/a	11,800	-0-	-0-	-0-	11,800
Total	25,000	61,000	n/a	24,400	12,000	129	2,000	124,000
% of Total	20%	49%	n/a	20%	10%	0%	2%	

2008 PWSAC Return Forecast

Strong Markets

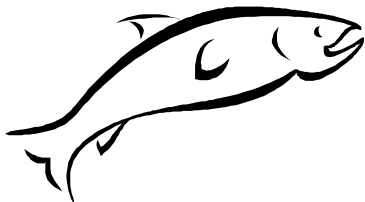
According to PWSAC's Sales Manager Ray Cesarini, the salmon market outlook for the upcoming season looks very good.

Due in part to the continued expansion of the global market for salmon and weakening of the US dollar, prices for all species could gain significant ground in 2008.

Also contributing to an improved price outlook is the particularly low ADF&G statewide forecast of 66 million pink salmon.

The statewide forecast for chum, sockeye, and Chinook salmon are 19 million, 47 million, and 672,000, respectively.

With very little inventory carried forward from last season, Cesarini believes a much higher market demand will occur than we have seen in recent years.



2008

Egg-take Goals

AFK Pink	162 million
CCH Pink	152 million
<u>WNH Pink</u>	<u>148 million</u>
Total	462 million

GH Sockeye	35 million
<u>MBH Sockeye</u>	<u>10.6 million</u>
Total	45.6 million

Chum Salmon	148 million
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Coho Salmon	4 million
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Chum Salmon

Location	Common Property Fishery	Hatchery Harvest	Brood	Total Return
WNH	1,425,000	653,000	189,000	2,267,000
PC	787,000	-0-	-0-	787,000
AFK	309,000	-0-	-0-	309,000
Total	2,521,000	653,000	189,000	3,363,000
% of Total	75%	19%	6%	

Sockeye Salmon

Location	Common Property Fishery	Hatchery Harvest	Brood	Total Return
MBH	921,000	-0-	8,000	929,000
GH Copper River	268,000	-0-	19,000	287,000
Total	1,189,000	-0-	27,000	1,216,000
% of Total	98%	0%	2%	

Pink Salmon

Location	Common Property Fishery	Hatchery Harvest	Brood	Total Return
AFK	5,702,000	2,009,000	289,000	8,000,000
CCH	3,089,000	1,130,000	281,000	4,500,000
WNH	2,507,000	929,000	264,000	3,700,000
Total	11,298,000	4,068,000	834,000	16,200,000
% of Total	70%	25%	5%	

Coho Salmon

Location	Common Property Fishery	Hatchery Harvest	Brood	Total Return
WNH	125,300	-0-	2,700	128,000
Chenega	4,000	-0-	-0-	4,000
Cordova	8,000	-0-	-0-	8,000
Whittier	8,000	-0-	-0-	8,000
Total	145,300	-0-	2,700	148,000
% of Total	98%	0%	2%	

Visit the web site for in-season updates at www.pwsac.com

“Fish Heads”: Profiles of PWSAC People



PWSAC newlyweds Nettie and Neil Wright

“Alaska Grown” is a popular phrase and one that applies to CCH Fish Culturist Nettie (Lohse) Wright. Nettie, started out in the Cordova/

Chitina area, traveled outside to attend college and attain her bachelor’s degree, then returned to PWS.

In 2003, Nettie came to PWSAC as a seasonal Fisheries Technician at the MBH, wanting to experience hatchery work; she later decided to pursue a year round position. Nettie has a great appreciation for the salmon resources. With her ties to the subsistence and commercial fishing industry, she recognizes the economic value of the returning salmon to the communities of PWS.

Neil, a native of Pennsylvania, came to PWSAC in 2001 via the University of Alaska Fairbanks with his bachelor’s degree in biology and a strong interest in the fisheries and outdoors. He also

came on board as a Fisheries Technician at the MBH, moving quickly through the managerial positions to his current position of CCH Manager.

Somewhere along the way, these two decided to tie the marriage knot. Their unique wedding last summer in front of Unakwik Inlet’s Meares Glacier was well attended by numerous family members and friends, undaunted by the logistics of boat and floatplane travel - even the wedding cake arrived by plane.

Neil and Nettie are just two of the many talented, committed and knowledgeable individuals contributing to our successful salmon enhancement team.

Board of Directors

Purse Seine	Drift Gillnet	Dual Permit	Set Gillnet	Appointed	
Dave Clemens	Steve Aberle	Ken Adams	Lisa Ragland	Bill Gilbert	Processor
Megan Corazza	John Bocci	Jack Babic		Tim Schmidt	Processor
Robin Dexter	Mike Bowen	Mike Glasen		Hap Symmonds	Processor
Michael Durtschi	Richard Casciano	Vic Jones		Tim Joyce	Personal Use
Rod Jensen	George Covell	Steve Riedel		Ed Zeine	Sport Fish
Mark Meadows	Rob Eckley	Bob Smith		Dan Lawn	City of Valdez
Thane Miller	Micah Ess			Jerry Protzman	City of Whittier
Tim Moore	Rob Maxwell			David Roemhildt	City of Cordova
Steve Smith	Jeff Olsen			Timothy Selanoff	Chenega Corp.
Bob Widmann	Scott Seaton			Ken Roberson	General
				Bill Smoker	General

Board Committees

Executive	Finance	Production Planning	Nominations
George Covell	Hap Symmonds	Thane Miller	George Covell
Mike Bowen	George Covell	Steve Aberle	John Bocci
Mike Glasen	Steve Aberle	Guido Casciano	Dave Clemens
Rod Jensen	Mark Meadows	Megan Corazza	
Lisa Ragland	Thane Miller	Robin Dexter	
Scott Seaton			
Steve Smith			

2007 Surplus Reduces Cost Recovery in 2008

With strong fish returns and markets last year PWSAC generated \$1.5 million in surplus revenue. With the contingency fund fully funded, this surplus is being applied to the upcoming season.

This will reduce the 2008 cost recovery revenue goal and leave more fish in the water for the common property fisheries.

Based on preseason assumptions, PWSAC estimates that only 30% of the pink salmon return and 37% of the WNH chum salmon return will be required to achieve the 2008 species specific revenue goals.

FY09 Financial Plan

Revenues

Fish Sales Revenue		
Pink Salmon	\$	3,319,321
Chum Salmon	\$	2,414,181
Sockeye Salmon	\$	-
total	\$	5,733,502

Other Revenue

FY08 Surplus Revenue	\$	1,500,000
Enhancement Tax	\$	1,341,477
Interest Income	\$	542,000
total	\$	3,383,477

Total Revenue \$ 9,116,979

Expenditures

Operating Budget		
Cost of Operations	\$	7,267,182
ADCED Debt Service	\$	1,485,397
total	\$	8,752,579

Capital Budget \$ 364,400

Investment to Contingency Fund \$ -

Total Expenditures \$ 9,116,979

ADOI Considers PWSAC Long-Term Debt Adjustments

By Hap Symmonds, PWSAC Treasurer

While the world awaits the Supreme Court decision on the Exxon Valdez oil spill case by June, PWSAC's board has been working over the years to put in place a plan for debt restructuring to benefit all PWS fishermen and the Corporation should any award be made.

In late January, we met with Alaska State Division of Investments (DOI) in Juneau to review "what if" scenarios should an Exxon settlement take place. DOI currently holds an assignment of funds from the Exxon Valdez oil spill litigation proceeds of \$43 million to pay off PWSAC debt.

In our discussions, several important options were agreed upon.

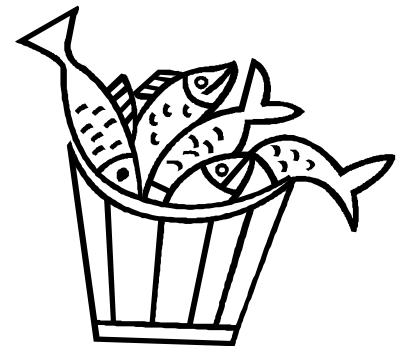
In the event no Exxon payment is realized, PWSAC will continue to pay the balance of its loans on the current amortization schedule. DOI is eager to keep viable loans in its portfolio, and PWSAC has a very good record of meeting annual loan payments.

If a settlement is paid, regardless of amount, \$17 million of deferred interest which PWSAC is currently carrying at a zero percent interest rate would be paid off first.

Secondly, instead of paying off the entire loan in a lump sum, analysis indicates diversified annual investment of the \$15 million owed on the principle could, over time, generate approximately \$1 million in

annual corporation income and significantly reduce cost recovery burden on the PWS commercial fisheries.

PWSAC has followed up with a letter to the DOI outlining this plan, and we continue to await the final court decision.



The Magnitude of the 2007 Economic Impact

An Analysis from the McDowell Group. Full report posted on www.pwsac.com

Although data sets to support a full evaluation of the PWSAC economic impact in 2007 are not yet available, it is possible to examine the relative size of the 2007 harvest to that from 2006 and earlier years and consider the magnitude of the change according to a recent report by the McDowell Group.

In general, the salmon return in 2007 was significantly larger than that in 2006, with major increases in pink and chum abundance and more modest increases in sockeye. Coho experienced a moderate decrease.

In 2006, the total ex - vessel value of PWSAC-origin salmon, excluding hatchery cost recovery fish, was estimated at \$15 million. In 2007, that estimated value increased more than 70 percent, to \$26 million. The first wholesale value of PWSAC salmon also increased, but by a slightly lower factor of approximately 60 percent.

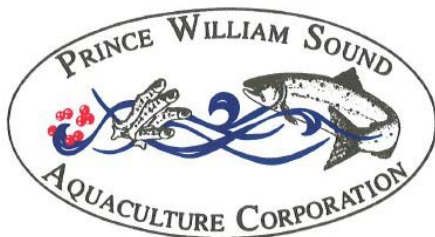
In a 2006 update, which included a full economic impact analysis, the McDowell Group estimated the total statewide impact of the commercial harvest of PWSAC fish to be \$135 million. This was based on the ex -

vessel value earned by Alaska resident commercial harvesters, processing activity, sport fishing, and PWSAC's own organizational expenditures. It included the downstream spending effects of these activities in communities around the state.

Despite limited data, given the magnitude of the 2007 fishery as compared to 2006, according to McDowell, the overall economic footprint in Alaska associated with PWSAC production in 2007 could total \$175 million.

2008 Board Election Results

Purse Seine (5 seats)	Drift Gillnet (5 seats)	Dual Permit (2 seats)
Megan Corazza - 53	Ron Thomson - 55	Jim Kallander - 57
Thane Miller - 53	Mike Bowen - 52	EJ Cheshier - 55
Bob Widmann - 53	Write-Ins - 12	Write-Ins - 1
Robin Dexter - 50		
Michael Durtschi - 49		
Write-Ins - 1		



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Mission

To ethically and professionally optimize salmon production in Area "E" for the long term well-being of all user groups.